

## Message Text

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ACTION EA-09

INFO OCT-01 EB-07 ISO-00 SP-02 USIA-06 AID-05 NSC-05

EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 /083 W

-----231039Z 002729 /10

R 230722Z MAY 77

FM USLO PEKING

TO SECSTATE WASHDC 7846

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1031

E.O. 11652: GDS

TAGS: ECON, CH

SUBJ: ECONOMIC POLICY AS VIEWED FROM LIAONING

1. SUMMARY. FACTORY LEADERSHIP EXPECTS A WAGE INCREASE AT THE END OF THIS YEAR THAT WILL BE KEYED TO PROMOTION OF "GOOD" WORKERS. THE TACHING POLICIES FOR ENTERPRISES SEEM TO BE GENUINELY WELCOMED BY FACTORY MANAGERS. END SUMMARY.

2. BRIEFERS AT THE SYENYANG ELECTRIC TRANSFORMER PLANT TOLD USLO OFFICER MAY 18 THAT HUA KUO-FENG (EVIDENTLY IN UNPUBLISHED REMARKS) HAS SAID THERE WOULD BE WAGE INCREASES AT THE END OF THIS YEAR. THE INCREASE WOULD TAKE THE FORM OF SELECTIVE PROMOTIONS BASED ON THREE CONDITIONS: (1) THE WORKER'S POLITICAL BEHAVIOR AND WORK ATTITUDE (E.G., VOLUNTARY OVERTIME); (2) TECHNICAL LEVEL; AND (3) CONTRIBUTION TO PRODUCTION.

3. BRIEFERS CONTRASTED THIS METHOD OF SELECTING WORKERS FOR ADVANCEMENT WITH THE

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ACROSS-THE-BOARD PROMOTION OF GRADE ONE WORKERS IN 1973, WHICH THEY DESCRIBED AS A HARMFUL ACTION OF THE GANG OF FOUR WHICH DID NOT DISTINGUISH BETWEEN THE "GOOD AND THE BAD". THE THREE CONDITIONS WERE BOTH EQUITABLE AND FAVORABLE TO PRODUCTION. DETAILS OF THE WAGE INCREASE -- NUMBER TO BE

PROMOTED, GRADES EFFECTED, ETC. -- WOULD BE SETTLED AT THE CONFERENCE ON WAGES MENTIONED BY YU CHIU-LI AT THE TACHING CONFERENCE AND WOULD BE AFFECTED BY THE RATE OF NATIONAL ECONOMIC DEVELOPMENT THIS YEAR.

4. BRIEFERS AT OTHER FACTORIES IN LIAONING PROVINCE VISITED BY USLO OFFICER MAY 18-21 WERE MORE CAUTIOUS IN THEIR COMMENTS, BUT CONFIRMED THAT WAGE INCREASES ON THE BASIS OF THE THREE CONDITIONS WERE EXPECTED. WHILE CHARY OF DETAILS, BRIEFERS NOTED A NUMBER OF PRODUCTION-ORIENTED MEASURES ALREADY BEEN TAKEN IN THE SPIRIT OF THE CONFERENCE TO LEARN FROM TACHING EVEN THOUGH DELEGATES DISPATCHED TO THE CONFERERNCE HAD NOT YET RETURNED TO WORK. POLITICAL ACTIVITY IS BEING RELEGATED TO AFTER-HOURS AND ATTENDANCE AT SPARE-TIME TECHNICAL SCHOOLS HAS BEEN MADE MANDATORY AGAIN. THE TECHNICAL TEST FOR GRADUATION FROM APPRENTICESHIP STATUS, STOPPED LAST YEAR AFTER BIG-CHARACTER POSTER ATTACKS, ALSO WILL BE RESUMED. ALL OF THE LONG LIST OF TACHING "CHARACTERISTICS" ARE, OF COURSE, DUTIFULLY LISTED AS GOALS.

5. ON SOME ASPECTS OF THE TACHING LINE, A FEW FACTORY LEADERS HAVE NOT YET GOTTEN THE WORD. A QUESTION ADDRESSED TO ONE CONFIDENTIAL

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BRIEFER ABOUT THE SCHEME TO DEVELOP SIX "SELF-RELIANT" ECONOMIC AREAS IN CHINA BY 1985, MENTIONED BY YU CHIU-LI IN HIS SPEECH TO THE TACHING CONFERENCE, PROMPTED THE FOLLOWING ASIDE TO AN AIDE: "WHAT ARE THESE 'SIX ECONOMIC AREAS'? ISN'T THAT A PLAN OF LIU SHAO-CHI'S?"

6. COMMENT: IT HAS ALWAYS BEEN DIFFICULT TO DISTINGUISH GENUINE PERSONAL REACTIONS FROM OBLIGATORY ENTHUSIASM OF THE PRACTICED BRIEFER OF FOREIGN VISITORS, AND THE DISCUSSIONS HELD AT FACTORIES TODAY ARE HARDLY MORE OPEN THAN THOSE IN THE PAST FEW YEARS. THE DELICATE MATTER OF INCREASED 1976 PRODUCTION DESPITE THE HARMFUL INFLUENCE OF THE GANG OF FOUR IS A GOOD EXAMPLE OF THE PROBLEMS FACED BY BRIEFERS. THE CHINESE OBSESSION WITH PRESERVING

THE CONFIDENTIALITY OF PRODUCTION DATA  
CONTINUES TO REDUCE MOST BRIEFINGS TO A  
STERILE RECITATION OF SLOGANS AND COMPARISONS  
WITH PRE-LIBERATION TIMES. NEVERTHELESS,  
HINTS OF GENUINE PERSONAL SUPPORT FOR THE  
NEW PRODUCTION-ORIENTED LINE COMES THROUGH.  
FACTORY LEADERS EVIDENTLY REGARD THE RECENT  
ENUNCIATION OF TACHING MANAGEMENT POLICIES  
AS BENEFITING THEM PERSONALLY AND, BY NATURAL  
EXTENSION, FACTORY PRODUCTION AND THE WELFARE  
OF THE COUNTRY. THEY ARE PROBABLY WRIGHT.  
DEAN

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## Message Attributes

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